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C O N F I D E N T I A L SECTION 01 OF 03 PRETORIA 003107

SIPDIS

COMMERCE FOR 4510/ITA/IEP/ANESA/OA/JDIEMOND
TREASURY FOR BRESNICK, LSTURM, AND AJEWEL
DEPT PASS USTR FOR PCOLEMAN AND WJACKSON

E.O. 12958: DECL: 07/06/2014

TAGS: [PGOV](#) [PREL](#) [SF](#) [ECON](#) [EAGR](#)

SUBJECT: LAND REFORM: SLOW BUT STEADY IN SOUTH AFRICA

REF: A. PRETORIA 6050

1B. PRETORIA 5976

Classified By: DCM Gillian A. Milovanovic.
Reason: 1.5 (b,d).

/// SUMMARY ///

11. (C) The ANC's approach to land reform is based on respect for private property, reliance on market mechanisms, and tightly controlled public spending. Gains have been made in land redistribution and restitution; however, SAG goals are unlikely to be met without more funding. Land tenure reform has seen the least progress and the SAG is revisiting tenure legislation. Some critics claim that the South African government's (SAG) land reform policy is too conservative and should be completely transformed. Others endorse the objectives but find fault with the process. Grassroots pressure for the SAG to do more on the land front is weak. Land does not rank highly as a critical issue to most South Africans. Demand for land is often really a demand for employment, housing, and income. End Summary.

/// STRUCTURED POLICY; TIGHT BUDGET ///

12. (C) The ANC's approach to land reform is based on respect for private property, reliance on market mechanisms, and tightly controlled public spending. The budget allocation for land reform has consistently equated to less than one percent of South Africa's total budget. South Africa's land reform policy aims to address the inequity in land ownership caused by colonialism and apartheid and to secure tenure rights for vulnerable groups. The ANC instituted in 1994 a land reform policy that seeks to achieve these goals through a process of restitution, redistribution, and tenure reform. Land restitution is designed to restore land or provide alternative compensation to those dispossessed as a result of racially discriminatory laws since 1913. Land redistribution aims to broaden access to land for previously disadvantaged communities. Tenure reform is designed to secure the rights of people living under insecure arrangements on land owned by others, including the state and private owners.

/// RESTITUTION UNLIKELY TO MEET 2005 TARGET ///

13. (C) South Africa's Department of Land Affairs (DLA) has made notable gains in land restitution but is unlikely to meet goals set by the government. The SAG said it would settle all land claims by the end of 2005. Since 1994, DLA has settled about 46,000 of 70,000 total urban and rural claims. The outstanding claims, however, are predominantly rural claims, which are more complicated to verify and resolve than the urban claims. Urban claims, in most cases, are settled with monetary compensation. The DLA expects to settle all of the urban claims by the 2005 deadline but it is unlikely that rural claims will be completed. The budget for the fiscal year of approximately R1 billion falls well below the R13 billion the DLA estimates it needs to settle all of the remaining claims. The DLA contends that the Minister's recently expanded authority to expropriate (with compensation) will only be used in extreme cases and not as a tool to "finish up" the task of resolving the remaining rural restitution cases (Ref A).

/// REDISTRIBUTION STRAIGHT FORWARD, NEEDS MORE FUNDING ///

14. (C) The SAG, has committed to transferring thirty percent (approximately 30 million hectares) of commercial agricultural land to Black South Africans by 2015. South Africa's land redistribution program operates on a free-market basis. Aspiring landowners apply for land through "Land Redistribution for Agricultural Development (LRAD)" grants from the government. DLA acquires land for redistribution through a willing-buyer, willing-seller method. By mid-2003, the DLA had distributed 1.5 million hectares of land. Despite its slow start (only 280,000 hectares were transferred between 1994 and 1997), DLA officials are confident that they can achieve the 2015 redistribution goal, but also express concern about inadequate resources. Some analysts believe that the government will "inflate" data on land transferred by

including government-owned land that will be turned over to land administration councils in communal areas.

/// TENURE REFORM LAGS BEHIND ///

15. (C) Land tenure reform has seen the least progress. The SAG has been slow to develop, pass, and implement tenure reform legislation. The recently passed Communal Land Rights Bill (Ref B) took several years to develop and is still awaiting approval from President Mbeki. Implementation of the new legislation promises to be costly and difficult as all of South Africa's "communal" areas are affected (a total of 12-15 million rural people).

16. (C) Legislation aimed at providing security for farm laborers has had very limited success. The DLA has failed to implement the Extension of Security of Tenure Act and Labor Tenants Act and these two pieces of legislation have had minimal impact on increasing security for farm dwellers. The DLA, recognizing its failure in this area, has decided to revisit these laws with the view of strengthening them and consolidating them into one Act. The process has been in effect since early 2002 with no clear progress.

/// CRITICISMS OF SAG'S POLICY ///

17. (C) Groups who are highly critical of land reform policy carry little weight in political circles and include a few NGOs and the South African Communist Party. They claim that the SAG's land reform policy is too conservative and should be completely transformed. Groups such as the Landless People's Movement (LPM) would like to see extensive government intervention in land acquisition through expropriation and widespread redistribution to the landless poor.

18. (C) Some land organizations including the National Land Committee (NLC) and the Program for Land and Agrarian Studies (PLAAS) also find fault with the entire land reform process. Their major criticism is that land reform is too slow and will not result in meaningful economic gains for the country's poor. They would like to see the SAG take a more aggressive approach to transferring land and develop an integrated approach to land reform that incorporates government support mechanisms to help new landowners build houses, develop infrastructure, and farm the land.

/// WEAK GRASSROOTS PRESSURE TO DO MORE ///

19. (C) Other criticisms range from the relatively small number of restitution claims submitted before the deadline to the lack of necessary funds to accomplish reform objectives. While many of these concerns are legitimate, the SAG has not indicated any significant shift in policy as a result. The media is perhaps the SAG's biggest critic. Grassroots pressure to do more is weak. Those most affected by inequity of land distribution are spread out across geographical and cultural communities and therefore lack a cohesive voice. Even the LPM has had minimal impact on land policy. The LPM gained some notoriety for organizing a march on the 2002 World Summit for Sustainable Development. However, the LPM is loosely organized and is often portrayed by media and others as a radical element that encourages criminal activity (including land invasions). Support for the group and its tactics is limited. As a result, the SAG does not feel an overwhelming push to do more on the land front. Calls for employment and poverty alleviation take precedence.

/// MISPERCEPTION THAT LAND EQUALS INCOME ///

110. (C) The SAG is aware that demand for land is often actually a demand for income, employment, and housing. Studies show that rural poor prefer jobs to land but often turn to land as a last resort when they give up on formal employment. The SAG is committed to meeting its land reform goals, but its real focus is on creating economic development for South Africa's poor. The ANC recognizes the importance of integrating Black South Africans into the agricultural sector but does not view land reform as a viable means to improve the livelihoods of the majority of the country's poor. The SAG knows that it must find the right balance of restoring land to dispossessed Africans while remaining focused on its major challenge: increasing growth and creating jobs.

/// SAG COMMITTED TO LAND REFORM POLICY ///

111. (C) Recent surveys (Markinor and Afrobarometer) of the general South African population indicate that land does not rank highly as a critical issue. In the surveys, employment, crime, poverty, health, and education topped the lists. Land was cited as an important issue by less than 10% of those polled. Even if economic development takes longer than the ANC expects, a strategy to placate South Africans through a radical change in land policy is highly unlikely. The SAG values long-term sustainable growth for South Africa over

short-term ploys to win favor from its constituents.

112. (C) The SAG has demonstrated its commitment to a legally protected land reform policy that recognizes the need to change land ownership patterns while upholding the rights of all property holders. Based on the magnitude of the undertaking and the problem of limited resources, one should not overemphasize the SAG's slow progress in reforming land ownership. Significant gains have been made in recent years. There is still a substantial amount of work to be done, and plenty of criticism of the slow progress to date, but there is no indication that the SAG intends to stray from its approach or abandon its objectives.

HUME